

SUBJECT: Proposing the creation of a broadband infrastructure fund

COMMITTEE: State Affairs — committee substitute recommended

VOTE: 12 ayes — Hunter, Hernandez, Anchía, Geren, Guillen, Metcalf,
Raymond, Slawson, Smithee, Spiller, S. Thompson, Turner

0 nays

1 absent — Dean

WITNESSES: For — (*Registered but did not testify*: Tim Morstad, AARP; J Lawrence Collins, Amerigroup Texas; John T. Montford, David Tate, AT&T; Tricia Cave, Association of Texas Professional Educators; Russel (Rusty) Moore, Big Bend Telephone Co.; Rebecca Montgomery, Center for Transforming Lives and Frisco Chamber of Commerce; Todd Baxter, Charter Communications; Angela Hale, City of McKinney; Nadia Islam, City of San Antonio; Rebecca Young Montgomery, Coalition of East Tarrant Chambers; Velma Cruz, Comcast; Scott McGriff, Community Internet Providers LLC; Kari Gibson, ConocoPhillips; Matthew Garcia, Dallas Regional Chamber; Michael Dole, Driscoll Health System; Cary Roberts, Etex Communications LLC; Jennifer Carter, Goodwill Central Texas; Christian Bionat, Greater Houston Partnership; Stephen Scurlock, Independent Bankers Association of Texas; Sarah Floerke, Lower Colorado River Authority; Angela Hale, McKinney Chamber of Commerce; Christine Yanas, Methodist Healthcare Ministries; Nicholas Tuccio, Nextlink Internet; Cary Roberts, Nortex Communications; Patrick Brophey, North Texas Commission; Cary Roberts, Poka Lambro Telephone Cooperative Inc.; John Pitts Jr., Project Lead the Way; Jessica Schleifer, Teaching Hospitals of Texas; Mitrah Avini, Texas 2036; Megan Mauro, Texas Association of Business; Lori Henning, Texas Association of Goodwills; Fred Shannon, Texas Association of Manufacturers; Ruben Longoria, Texas Association of School Boards; Tricia Stinson, Texas Broadband Now; Walt Baum, Texas Cable Association; Leela Rice, Texas Council of Community Centers; Nora Belcher, Texas e-Health Alliance; Julia Harvey, Texas Electric Cooperatives; Charlie Leal, Texas Farm

Bureau; Sara Gonzalez, Texas Hospital Association; Monty Wynn, Texas Municipal League; Suzi Kennon, Texas PTA; Julia Parenteau, Texas Realtors; Heather Sheffield, Texas Rural Broadband Coalition (TRBC); Kelty Garbee, Texas Rural Funders; John Hubbard, Mark Seale, Texas Telephone Association; Joseph McGrath, Texoma Communications; Jennifer Prather, Totelcom Communications; Kenneth Sumberlin, TSAEW IBEW; Richard Lawson, Verizon; John Pitts Jr., Western Governors University - Texas; Mike Hunsucker, Windstream; David Zumwalt, WISPA and Broadband without Borders; Thomas Parkinson)

Against — None

On – Harrison Hiner, Communications Workers of America (*Registered but did not testify*; David Cruz, Greg Conte, Glen Hegar, Comptroller of Public Accounts; Thomas Gleeson, Public Utility Commission)

DIGEST:

CSHJR 125 would amend the Texas Constitution to create the Broadband Infrastructure Fund as a special fund in the state treasury outside the general revenue fund, consisting of:

- appropriations from the Legislature;
- money transferred or deposited to the credit of the fund by the constitution or general law;
- revenue that the Legislature by general law dedicated to the fund;
- investment earnings and interest earned on money in the fund; and
- gifts, grants, and donations.

Money in the fund would be administered by the comptroller, and without further appropriations, could be used only for the expansion of access to and the adoption of broadband and telecommunications services, including the development and operation of infrastructure. The Legislature would be required to provide for the manner in which fund assets could be used by general law.

CSHJR 125 would require the comptroller to transfer \$5 billion from the economic stabilization fund (ESF) to the broadband infrastructure fund no

later than January 15, 2024. Money in the fund would be considered constitutionally dedicated, and an appropriation from the ESF to the fund would be treated as if it were constitutionally dedicated.

The fund would expire on September 1, 2035, unless extended for another ten years by a joint resolution of each house of the Legislature. The comptroller would be required to transfer any remaining fund balance to the ESF immediately before the fund expired.

The amendment to the constitution made by CSHJR 125 would take effect January 1, 2024.

The ballot proposal would be presented to voters at an election on November 7, 2023, and would read: “The constitutional amendment creating the broadband infrastructure fund to assist in the financing of broadband and telecommunications services projects in the state.”

**SUPPORTERS
SAY:**

CSHJR 125, along with its enabling legislation, CSHB 9, would give Texans the opportunity to increase broadband access and affordability across the state by authorizing major investments in broadband and telecommunications infrastructure in coordination with federal funding programs.

Millions of Texans currently lack broadband internet, limiting their access to education, telehealth, and employment opportunities online. Lack of access disproportionately affects rural communities, people of color, and low-income families. The fund established by CSHJR 125 would provide resources to close this digital divide in the state, which in turn could help to improve quality of life and spur significant economic growth, including higher personal incomes, job creation, and increased state revenue. At a time when the state has the advantage of a budget surplus, supporting broadband expansion would be a sound investment.

All available tools, including both fiber and wireless technology, are needed to close the digital divide across Texas. Each technology has advantages and disadvantages, but efforts to support the growth of

broadband should retain the flexibility needed to determine which technologies and investments are feasible for different areas of the state, depending on topography, population density, and other factors. The resolution and enabling bill's holistic approach would promote competition and maximize efficiency.

Including a specific provision on labor standards is unnecessary because federal regulations already require states to include fair labor practices in their broadband development programs. The federal Broadband Equity, Access, and Deployment (BEAD) program also requires states to develop a plan aimed at achieving a diverse and sufficiently skilled workforce to build and maintain broadband infrastructure.

CRITICS
SAY:

CSHJR 125 should require the broadband infrastructure fund to prioritize projects that develop fiber optic broadband infrastructure, which may be faster, safer, and more durable and reliable than wireless broadband.

OTHER
CRITICS
SAY:

In order to ensure that broadband investment in Texas is successfully implemented by a skilled and properly trained workforce, CSHJR 125 should incorporate federally recommended labor standards for broadband projects that call for a directly employed, rather than subcontracted, workforce. Subcontracting can create problems for quality of service and accountability. The state should include fair labor standards, including robust in-house training requirements, in the criteria for awarding grants.

NOTES:

CSHB 9 by Ashby, the enabling legislation for CSHJR 125, is set for second reading consideration today.

According to the Legislative Budget Board, CSHJR 125 and CSHB 9 would have an estimated negative impact to general revenue related funds of \$436,285,000 through fiscal 2024-2025, with a negative impact of about \$4.8 billion through the following biennium. The cost of publication for the ballot proposal would be \$204,406.